



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#17 DECEMBER 13, 2011

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SACHI A. HAMAI
EXECUTIVE OFFICER

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313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles
County residents through direct
services at DHS facilities and
through collaboration with
community and university
partners*



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December 13, 2011

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at County facilities. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

- (1) Account Number H-UCLA MC – 1219999 \$4,000
- (2) Account Number H-UCLA MC – Various \$5,000
- (3) Account Number LAC+USC MC – Various \$6,667
- (4) Account Number H-UCLA MC – Various \$17,000
- (5) Account Number LAC+USC MC – 5480781 \$69,000
- (6) Account Number LAC+USC MC – 8535653 \$375,000

Total All Accounts: \$476,667

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offers of settlement for patient accounts (1) - (5) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offer of settlement for patient account (6) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$476,667.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: DECEMBER 13, 2011

Total Gross Charges	\$19,106	Account Number	1219999
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$19,106	Date of Service	9/14/10 – 9/16/10
Compromise Amount Offered	\$4,000	% Of Charges	21 %
Amount to be Written Off	\$15,106	Facility	H-UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus bicycle accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient gross charges of \$19,106 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$4,833.33	\$4,833.33	32 %
Lawyer's Cost	\$500	\$500	3 %
H-UCLA Medical Center *	\$19,106	\$4,000	27 %
Other Lien Holders *	\$5,888	\$2,700	18 %
Patient	-	\$2,966.67	20 %
Total	-	\$15,000	100 %

* Lien holders are receiving 45% of the settlement (27% to H-UCLA Medical Center and 18% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: DECEMBER 13, 2011

Total Gross Charges	\$140,274	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$140,274	Date of Service	Various
Compromise Amount Offered	\$5,000	% Of Charges	4 %
Amount to be Written Off	\$135,274	Facility	H-UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$140,274 for medical services rendered. The patient is a General Relief (GR) patient and no other coverage was found. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$5,000	\$5,000	33 %
Lawyer's Cost	\$315.77	\$315.77	2 %
H-UCLA Medical Center	\$140,274	\$5,000	33 %
Other Lien Holders	-	-	-
Patient	-	\$4,684.23	32 %
Total	-	\$15,000	100 %

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: DECEMBER 13, 2011

Total Gross Charges	\$49,556	Account Number	8725638 & 8813950
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$49,556	Date of Service	3/29/09 – 4/6/09 & 4/17/09
Compromise Amount Offered	\$6,667	% Of Charges	13 %
Amount to be Written Off	\$42,889	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$49,556 for medical services rendered. The patient has ATP with liability of \$8,596 but subsequently filed for bankruptcy in December 2010. The patient's third party liability (TPL) claim settled for \$20,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$6,666	\$6,666	33 %
Lawyer's Cost	-	-	-
LAC+USC Medical Center *	\$49,556	\$6,667	33 %
Other Lien Holders *	\$4,309	\$4,309	22 %
Patient	-	\$2,358	12 %
Total	-	\$20,000	100 %

* Lien holders are receiving 55% of the settlement (33% to LAC+USC Medical Center and 22% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: DECEMBER 13, 2011

Total Gross Charges	\$49,609	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$49,609	Date of Service	Various
Compromise Amount Offered	\$17,000	% Of Charges	34 %
Amount to be Written Off	\$32,609	Facility	H-UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$49,609 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$74,193 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$18,548	\$18,548	25 %
Lawyer's Cost	\$20,856	\$20,856	28 %
H-UCLA Medical Center *	\$49,609	\$17,000	23 %
Other Lien Holders *	\$12,297	\$4,708	6 %
Patient	-	\$13,081	18 %
Total	-	\$74,193	100 %

* Lien holders are receiving 29% of the settlement (23% to H-UCLA Medical Center and 6% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The lien holders will receive 29% of the settlement with the patient receiving the remaining 18%.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: DECEMBER 13, 2011

Total Gross Charges	\$148,208	Account Number	5480781
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$148,208	Date of Service	2/13/07 – 3/4/07
Compromise Amount Offered	\$69,000	% Of Charges	47 %
Amount to be Written Off	\$79,208	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a slip and fall accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$148,208 for medical services rendered. The patient qualifies for Section 1011 coverage and no other coverage was found. DHS will refund any payments received from Section 1011 once payment from this settlement is received. The patient's third party liability (TPL) claim settled for \$225,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$90,000	\$90,000	40 %
Lawyer's Cost	\$13,903.15	\$13,903.15	6 %
LAC+USC Medical Center **	\$148,208	\$69,000	31 %
Other Lien Holders **	\$4,018.37	\$2,096.85	1 %
Patient	-	\$50,000	22 %
Total	-	\$225,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 32% of the settlement (31% to LAC+USC Medical Center and 1% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: DECEMBER 13, 2011

Total Balance	\$1,273,812	Account Number	8535653
Amount Paid	\$150,576.12	Service Type	Inpatient
Balance Due	\$1,123,235.88	Date of Service	2/13/09 - 5/25/09
Compromise Amount Offered	\$375,000	% Of Charges	33 %
Amount to be Written Off	\$748,235.88	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.